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Influence of pre-merger employment relations and individual characteristics on the psychological contract

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Organisational changes and transformations, in which employees are exposed to mergers, acquisitions and take-overs of their organisations, are a common phenomenon these days. Empirical evidence on the formation of initial trust in new organisational relationships has shown that past experiences are an important determinant of an individual's intention to trust another party. In this article the aim is to assess the influence of a prior employment relationship in a pre-merging workplace on the experience of the psychological contract by the employees of the actually merged institution. The individual characteristics of the employees are also investigated to identify how these characteristics influence the psychological contract. The population consisted of employees of two previously independent universities (N_1 = 887, N_2 = 1 649, N_{total} = 2 536) that merged into one university with three campuses (two associated with a historically white university and one with a historically black university). The former universities had very different histories with very dissimilar employment relations, demographic compositions and management structures. One year after the merger, a questionnaire was handed out to a randomly stratified sample (n_1 = 191, n_2 = 301, n_{total} = 492) at all the workplaces. The questionnaire included a psychological contract measure, assessing the employee's experience of employer obligations (43 items) and employee obligations (21 items), as well as items measuring the influence of the merger on the experience of the psychological contract. Various significant differences were found between the previous universities, especially with respect to the experience of employer obligations not being kept by the employer. The individual characteristics of the respondents had less influence on the experience of the psychological contract than the social context of the previous employment relationships.

Keywords: Employment relations; psychological contract; social context; individual characteristics; employer obligations; employee obligations; case study; South Africa

Internationally, labour relations are more formalised and controlled through labour legislation than ever before (Salamon, 1998; Venter, 2003). Conditions of employment regulations, such as basic conditions of employment and minimum wages, as well as collective bargaining and organisational rights, have in general increased (Bendix, 2001; Nel, 2002). Ways in which labour-related disputes can be resolved are also more accessible and timeous than before. However, even though these employee rights are being increased and more regularly applied, the stability in the employment relationships has decreased over the past decades (Bendix, 2001; Hellgren, 2003; Rousseau, 1995; Schalk & Rousseau, 2001; Shore *et al*., 2004). Reasons for the changes in contemporary employment relationships include breakthroughs in information technology, a rise in global competition and escalating interdependence between organisations and people (Schalk & Rousseau, 2001), causing once secure employment conditions to become more uncertain and insecure (Burke & Cooper, 2000; Sverke, Hellgren, & Näswall, 2002). In general, this causes employees to experience more frequent changes in employment relationships, either within the same workplace and job description, or by changing a work environment.

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The transformation of organisations, including mergers, could cause disruption to the employment relationship and will be experienced as irreversible by the employee (Brand, 2000), since it will end an existing employment contract and a new contract will therefore begin (Rousseau, 1995). This change will impact on the personnel of the transforming organisation and may consequently lead to changing needs and obligations that comprise the psychological contract (Herriot & Pemberton, 1996). It can therefore be concluded that mergers force employees to examine, and often change, their understanding and experience of the psychological contract.

The purpose in this article is to investigate the influence of a prior employment relationship in a pre-merging workplace on the experience of the psychological contract by the employees of the actually merged institution. The individual characteristics of the employees, in the prior employment relationships, are also investigated to identify possible correlations and differences between the influence of the prior relationship and these characteristics.

THE PSYCHOLOGICAL CONTRACT AND ORGANISATIONAL CHANGE

Background of the psychological contract

According to Rousseau (1995) the psychological contract includes "individual beliefs, shaped by the organisation, regarding terms of an exchange agreement between individuals and their organisation" (p. 9). These individual beliefs refer to expectations and obligations based on perceived promises. In relation to the employment relationship, Isaksson, Bernhard, and Gustafsson (as cited in Hellgren, 2003) define the psychological contract as "the perception of reciprocal expectations and obligations implied in the employment relationship" (p. 9). The content of the psychological contract refers to the concrete terms that are part of the perceived relationship (Rousseau & Tijouriwala, 1998). These concrete terms are employee and employer obligations, as perceived by the employee. The way in which these obligations are perceived is determined by the social, legal, normative and implicit contracts in the context to which the employee is exposed. An unspecified contract would sooner lead to the experience of breach and violation of contract by the employee. This can be attributed to the subjective nature of the psychological contract, where the employer obligations — as perceived by the employee as expectations — are not always the same as the way these obligations are actually perceived by the employer (Rousseau, 1995).

Psychological contract obligations and promises

The range of perceived obligations can be unlimited, which makes it difficult to identify specific employee and employer obligations. Using a limited subset of items, researchers face the problem that no consensus has been reached on what scales and which items to use (De Vos, 2002; Van Den Brande, 2002). A broad range of psychological contract content can be derived from classifications (see, for example De Vos, Buyens, & Schalk, 2002; De Vos, 2002; Robinson, Kraatz, & Rousseau, 1994).

Employer and employee obligations, as perceived by the employee, can be based on various promises made to the employer, as well as promises made by the employer to the employee. The range of perceived promises is potentially unlimited and can differ significantly between various forms of employment, industries and sectors, occupations and professions, workplaces and personality characteristics, to name but a few. A proposed guideline to types of employee and employer obligations, with the associated types of promises, is set out in Table 1, which is based on De Vos (2002), Robinson, Kraatz, and Rousseau (1994), PSYCONES (2005), Rousseau and Tijouriwala (1998), Schalk, Heinen, and Freese (2001), and Van Den Brande (2002).

Table 1. Psychological contract obligations and promises guideline

Employee obligations	Employee promises	Employer obligations	Employer promises
Job performance	Good service	**Job content**	Varied work
	Professional manner		Limited disturbances
	General honesty		Own work fashion
	Skills development		Responsibility
	Satisfying performance		Right to supervise
	Team player		Right to own opinion
Loyalty	Protect organisation image		Departmental influence
	Confidentiality		Flexibility
	Not support competitors	**Rewards**	Fair salary
Ethics	Honesty with leave		Job security
	Resignation notice		Additional rewards
	Cost-effective		Allowances
Extra-role	Respect company time		Recognition
behaviour	Innovation	**Management**	Procedural fairness
	Assist others	**policy**	Fair discipline
	Social participation		Communication structures
Flexibility	Accept transfer		Information
	Do non-required tasks	**Social aspects**	Co-employee relationships
	Work extra hours		Supporting social activities
	Geographical mobility		Colleague assistance
	Conformity		Good working atmosphere
			Social network
		Career	Reaching true potential
		development	Stimulating work
			Room for own initiatives
			Suitable work
			Ability to achieve progress
			Promotion abilities
			Skills development
			Horizontal job mobility
			Training opportunities
			Fair work pressure
		Organisa-	Quality products
		tional support	Customer satisfaction
			Feedback
			Righteous management
			Trust in management
			Efficient organisation
			Good working conditions
			Good HRM
			Fair work time
			Reimbursement of costs
			Respect for private life

Individual characteristic and social context influences on the psychological contract

The way in which the employee perceives such promises to be made is directly associated with the employee's individual characteristics and the social context in which the psychological contract is formulated and maintained. This implies that the way an employee, who is exposed to organisational transformation, experiences a new employment relationship is associated with that employee's individual characteristics and the social context of the specific change. These factors also influence both short-term reactions (e.g. job insecurity and job satisfaction) and long-term reactions (e.g. employee well-being and general health) (Hellgren, 2003; Hellgren, Sverke, & Isaksson, 1999).

The individual characteristics include the employee's personality characteristics, age, gender, emotional intelligence, literacy level and ability to understand. The characteristics have a prominent influence on the individual's formation of an implicit contract and therefore also influence the psychological contract (Guest, 2004; Rousseau, 1995). The psychological contract is reciprocally related to the social, legal and normative contracts, which are sensitive to the social context in which they are formed and sustained. This social context can include the socio-political situation of a country or area, the demographic compilation, levels of industrial development, societal norms, labour and related legislation, organisational culture and employment regulations and rules (Bendix, 2005; Venter, 2003).

Therefore the characteristics of an employment relationship can be entrenched by the direct social context influences it is exposed to. For example, employment relationships in the same sector and demographic area can be very different because of the structure, organisational culture and collective bargaining processes of the organisation. The employees associated with these different employment relationships are likely to have different psychological contracts, as well as different experiences of breach and violation. The short-term and long-term reactions associated with these different experiences of the psychological contract can lead to very diverse levels of wellness in the workforce.

Two main groups of social context influences on the employment relationship can be identified, namely, external and internal (Bendix, 2005; Venter, 2003). The external influences are beyond the reasonable control of the organisation, including labour law, sectoral determinations, national economic policies, the labour market and natural resources, and the internal influences are within the organisation's reasonable control, including organisational and management policies and structures, employment regulations, negotiation processes, personnel relationships and performance policies. Where different types of employment relationships operate under the same labour legislation and in the same sector, the internal social context becomes the primary cause for diverse relationships (Venter, 2003). Therefore, for the purposes of this article, the focus on the influence of the social context on the employment relationship is limited to the internal aspects.

THE ORGANISATION

In this part of the article we will focus on the South African organisation that was used as a case study to achieve the objectives of the study. The background of the organisation will identify the social context in which the different employment relationships operated, as well as the organisational change that influenced it. The internal context influences will also be identified and discussed. Thereafter the individual characteristics of the samples will be identified through discussion of the samples in the empirical study.

Background of the external social context of the organisation

South Africa has the most developed and best-resourced system of higher education and training in Africa (Reddy, 1997). The academic output has not only created a sustainable economic and sophisticated financial infrastructure, but also modern industrial, business and communications technology,

as well as medical, legal, cultural and other professional services (Reddy, 1997). However, a major feature of South Africa's higher education system is the legacy of the apartheid ideology, which provided the framework for structuring the separatist education system after 1948 (Jansen, 2002). The Bantu Education Act of 1953 and the Extension of the University Act of 1959 compartmentalised education along ethnic and racial lines (Soobrayan, 2003), establishing the formal dualistic approach to education (Reddy, 2000).

These are the roots of the South African terms of "historically black institutions" (HBI) and "historically white institutions" (HWI) that still haunt the higher education institutions (HEIs) (Reddy, 1997). Therefore, before 1994, the South African higher education system was characterised by inequalities in student access and success, as well as in disciplines and institutions, research and research outputs, staffing, governance and funding (Pouris, 1996; Wyngaard & Kapp, 2004). Reddy (2000) described the South African higher education system in the year 2000 as follows:

> It is fragmented along racial lines, incoherent and with poor articulation between the different sectors. Under-prepared students from a poorly resourced and managed high school system result in high failure rates. Thus higher education participation rates of white and black students differ considerably, being 70% and 12% respectively. This is also reflected in human resources of HEIs, with 85.4% of permanently appointed academic staff at universities in 1997 being white and 7.4% being black. (p. 79)

Although the distinction between HBIs and HWIs is becoming blurred by significant black enrolments at white institutions (but not vice versa) and employment equity plans and affirmative action policies are being implemented, this remains a significant political issue and real differences of institutional capacity and culture remain (File & Goedgebuure, 2000). According to Coetzee (2006, p. 9) the percentage of black academic personnel of HWIs increased by 40.6% from 2003 to 2006. This increase is mainly due to a new institutional landscape that had to be established through the combination of some of the existing higher education institutions.

Through a series of government documents (from 1997) advocating co-operative arrangements between institutions, the emergence of a number of regional consortia and a range of other partnerships were realised (Reddy, 2000). In December 2002 the Ministry released its proposals, which were approved by the Cabinet, for the transformation and restructuring of the institutional landscape of the higher education system (Department of Education, 2003). The proposals resulted in the consolidation of HEIs through mergers and incorporations. After the completion of the transition period, these consolidations reduced the previous 35 HEIs to 22 in the period from 2004 to 2005.

The new HEIs are associated with the different provinces and in most instances the HBI and HWI in a province or area have been merged. This process started in January 2004, with four mergers of universities and two incorporations. In January 2005 the remaining six mergers of universities started. Through the merger guidelines of the Ministry of Education and the labour legislation, certain stages of the mergers are identified, with associated goal dates, and limitations of the mergers, including that the merger negotiations must be in equal partnerships, no matter the size and structures of the merging universities, all recognised labour organisations retain their recognition and the workforce of the merged universities must be incorporated into the new institution.

Characteristics of the previous employment relationships

The organisation in which this study was done is a South African HEI that was established in January 2004 through the merger of two universities — an HWI and an HBI in the same province — and the incorporation of a campus of a disestablished HBI. The new HEI consists of three workplaces (associated with the HEI's campuses), which are directly associated with the previous HWI and the HBI, since these workplaces formed part of the old universities. The HWI had an academic history of more than a century (Van der Schyff, 2003), while the HBI was established fewer than three decades ago

as a result of the previously referred to Bantu Education Act of 1953, the Extension of the University Act of 1959, and other related apartheid legislation promoting separatism in higher education (Study South Africa, 2003).

The purpose of the establishment of the HBI was to "provide quality education to the disadvantaged and rural communities of the province it operates in" (Study South Africa, 2003, p. 1). To achieve this goal of delivering high levels of tertiary education in a short period, academic staff members were mainly recruited from other HEIs in the country, as well as other African countries (Makgoba, 1999). In the case of the HWI, the academic staff comprised mainly alumni of the same institution, in certain instances even second or third generation staff members (Van der Schyff, 2003). The HBI at the time of the merger had approximately 9 000 students, while the HWI had approximately 32 000 students in total (North-West University, 2004, p. 3). In the year of the merger the HWI delivered close to 6 000 graduates and the HBI approximately 1 200 (North-West University, 2004, p. 3). The staff members of the HBI comprised 880 permanent and fixed-term staff members and the HWI had 1 650 permanent and fixed-term personnel (North-West University, 2004).

In the year prior to the merger nearly 90% of the permanent staff of the HBI and 64% of the permanent staff of the HWI were members of labour unions (Joint Union Negotiation Committee, 2004a). At the HBI one labour union was recognised as the collective bargaining representative for all staff members through an agency-shop agreement, while three labour unions were recognised at the HWI through two recognition agreements (one union bargaining for academic staff and middle to high level support staff, and two unions bargaining for lower level support staff) (Joint Union Negotiation Committee, 2004a).

In the two years prior to the merger 53 labour disputes from the HBI were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA), 47 of which were individual unfair labour practices and unfair dismissal disputes (CCMA, 2004). In the same period 35 labour disputes were referred to the same commission from the HWI, 28 of which were individual unfair dismissal and unfair labour practice disputes (CCMA, 2004). Stated in other words, this implies that for every 17 employees at the HBI, one labour dispute was referred and for every 48 employees at the HWI, one dispute was referred.

In the first year of the official merger, an extended and thorough negotiation process was initiated to merge the different employment contracts, recognition agreements and other labour-related regulations. This process entailed 21 negotiation sessions between the delegates of the newly formed HEI and the previously recognised unions in the first year of the merger. Similarities and differences in the previous employment relationship were identified, including conditions of employment and employment regulations (being related policies, codes and procedures) (Institutional Negotiation Committee, 2005). In general the conditions of employment of the HBI were more favourable than those at the HWI, with leave and remuneration differences being the most prominent (Joint Union Negotiation Committee, 2004b). The employment regulations seemed to be clearer at the HWI, since the only formal employment regulations at the HBI consisted of the above-mentioned agency-shop agreement (governing the representation rights of the majority union), a night-work policy and a retrenchment agreement (Joint Union Negotiation Committee, 2004c). At the HWI, prior to the merger, two recognition agreements existed (governing the representation rights of the three recognised unions), as well as a sound series of employment regulations, which included mutually agreed disciplinary and grievance procedures, remuneration and intellectual property policies, a guideline for performance appraisal procedures, a recruitment policy, a dispute resolution agreement and a policy for dealing with poor work performance (Joint Union Negotiation Committee, 2004c).

Another direct internal social context influencing the different employment relationships was the management structures of the pre-merged HWI and HBI. The management structure of the HWI included a decentralised departmental and academic school system, where budget and personnel

management powers had been enhanced in the five years before the merger (Joint Union Negotiation Committee, 2004c). At the HBI the more traditional centralised management structure prevailed, limiting departmental management structures to operate autonomously, due to a strict line-management structure (This Day, 2003). This Day further stated:

> In [the five] years [prior to the merger] various key management positions at the University [HBI] were not filled permanently, leaving a gap between the decision-making council and the executive power of the University, which forced the University council to take management actions. (p. 5)

Table 2 summarises the above differences in the employment relationships at the former HWI and the former HBI.

Table 2. Summarised HWI and HBI employment relationship characteristics

Internal influence	HBI	HWI
Personnel demography (excluding temporary employees)	880; 27% academic, 73% other Mainly recruited from other institutions	1 650; 35% academic, 65% other Generally alumni of institution
Union activity	Organised; one recognised majority union with agency-shop agreement	Organised; three recognised unions with two recognition agreements
Referred disputes	53; 47 unfair dismissal and practice (1:17 per capita ratio)	35; 28 unfair dismissal and practice (1:48 per capita ratio)
Employment regulations (agreements, policies, codes and procedures)	2; night-work policy, retrenchment policy	8; Disciplinary procedure, grievance procedure, remuneration policy, intellectual property policy, performance appraisal procedure, recruitment policy, dispute resolution agreement, handling of poor work policy
Management structure	Centralised line-management Key management position vacant or temporary	Decentralised partially autonomous Key management positions stable

As discussed earlier, the external and internal social contexts influence the characteristics of an employment relationship, which then influences the employee's experience of the psychological contract. Due to the separatist approach to labour relations and education, as an external social context influence, the two former institutions — the HWI and HBI — developed independently, with unique internal structures. This led to very different employment relationships, influencing the employees' psychological contract, as discussed previously and indicated in Table 2. To assess whether this had influenced the current perception of the employment relationships after the merger of the two aforementioned institutions, we examined the existence of differences in perceptions of the psychological contract, as experienced by the employees of the newly merged institution. In addition, we

examined the influence of the respondent's individual characteristics, as indicated in the following discussion of the sample in the empirical study.

EMPIRICAL STUDY

Sample

The population consisted of personnel of a merged higher education institution in South Africa. The total population (N) of this HEI was 2 535 at the time of the formal merger. This population can be divided into two sub-populations, associated with the two pre-merged universities (N_A = 1 649; N_B = 886, where N_A refers to the HWI and N_B to the HBI). A random sample (n = 1200) was used within each of the two strata (n_A = 700; n_B = 500). A response rate of 42.6% was achieved, 492 responses of which (96.3%) could be used (nr_A = 301; nr_B = 191). Descriptive information of the sample is given in Table 3.

Table 3. Characteristics of the participants

Demographic variable	Category	Frequency (Percentage)		
		N_A	N_B	Total
Gender	Male	134 (44.5%)	102 (53.4%)	236 (48%)
	Female	167 (55.4%)	89 (46.6%)	256 (52%)
Age	< 25	17 (6.6%)	42 (22%)	59 (12%)
	26 to 35	104 (34.6%)	81 (42.4%)	185 (37.6%)
	36 to 45	92 (30.6%)	46 (24.1%)	138 (28%)
	46 to 55	62 (20.6%)	17 (8.9%)	79 (16.1%)
	56 to 66	26 (8.6%)	5 (2.6)	31 (6.3%)
Language group	Afrikaans	243 (80.7%)	3 (1.6%)	246 (50%)
	English	15 (5%)	15 (7.9%)	30 (6.14%)
	SeTswana	31 (10.3%)	169 (88.5%)	200 (40.7%)
	Other	12 (4%)	4 (2.1%)	16 (3.2%)
Education	< Grade 12 (Std 10)	89 (29.6%)	61 (31.9%)	150 (30.5%)
	3 Year Higher Diploma or Degree	55 (18.3%)	50 (26.2%)	105 (21.3%)
	4 Year Higher Diploma or Degree (Hons)	27 (9%)	17 (8.9%)	44 (8.9%)
	Master's Degree	68 (22.6%)	13 (6.8%)	81 (16.5%)
	Doctorate	51 (16.9%)	11 (5.8%)	62 (12.6%)
Academic		135 (44.9%)	79 (41.4%)	214 (43.5%)
Support		170 (56.5%)	112 (58.6%)	282 (57.3%)

The most prominent demographic difference between the groups was home language. At institution B approximately 90% of the respondents' home language was SeTswana (an African language), whereas Afrikaans was the home language of approximately 81% of institution A's respondents. Institution A's respondents also had a higher average qualification, with approximately 17% of the respondents having a doctoral degree, as opposed to the approximately 6% of institution B's respondents. However, more respondents from institution B indicated master's degree qualifications than their colleagues at institution A, since only the highest qualification was measured and many respon-

dents of institution A were in possession of both doctorates and master's degrees. These similarities and disparities between the two samples may have had an effect on the results. Therefore the goal of the study includes measurement of the influence of individual characteristics — including some of the above demographic variables — and the social context of the samples.

Measuring battery

The measuring instrument used in this study is the Tilburg Psychological Contract Questionnaire (TPC). The TPC contains items regarding specific employer (43 items) and employee (21 items) obligations, as perceived by the employee (Schalk, Heinen, & Freese, 2001). The items associated with this self-report questionnaire are closely associated with the obligations and promises identified in Table 1. In the questionnaire the opportunity is given to the respondent to identify whether a specific promise was made and in what way it was kept, by using a Likert scale in the questionnaire (with 0 = no promise made, 1 = promise made, but not kept at all, 2 = promise made, but only kept a little, 3 = promise made, but half-kept, 4 = promise made and largely kept, and 5 = promise made and fully kept). In a critical review of psychological contract questionnaires, the TPC emerged as one of the 'recommended' psychological contract questionnaires (Freese & Schalk, in press).

Previous studies using this questionnaire provide support for the validity and reliability of the scales used (see Jooste, 2005; Schalk, Heinen, & Freese, 2001). Cronbach's alpha (α) for Employer Obligations was 0.98 in the study of Jooste, and 0.94 at time 1 and 0.94 at time 2 of Schalk, Heinen, and Freese's research. The Employee Obligations were also reliable in the reports of Jooste ($\alpha = 0.95$) and Schalk, Heinen, and Freese ($\alpha = 0.91$ at time 1 and $\alpha = 0.92$ at time 2). An additional two items were compiled and added by the authors to identify the respondents' experience (negative or positive) of the influence of the merger on the employee and employer obligations with a five-point numerical interval scale.

Statistical analyses

In order to examine the stated objectives, statistical analyses were done and reported by means of the SPSS 14.0 for Windows program (SPSS Inc., 2006). Prior to principal component extraction, to estimate the number of factors, the presence of outliers and the factorability of the correlation matrices and principal factor extraction, item extraction was done to identify the frequencies of promises not made (0 on the ordinal scale) and promises made (1 to 5 on the ordinal scale). The eigenvalues and scree plot were studied to determine the number of factors underlying the measuring instrument. This process was needed to identify the respondents' experience of breach of contract, without negatively influencing the descriptive statistics with responses not associated with this component. These descriptive statistics (means, standard deviations, skewness and kurtosis) of the identified factors were also computed to describe the data. The means are also indicated as percentages for easier interpretation. Cronbach alpha coefficients and inter-item correlations were used to determine the internal consistency, homogeneity and unidimensionality of the measuring instruments. The outcomes of this process have already been reported (see Linde & Schalk, 2006) and therefore the analysis of the data reduction process is not reported in this article again. However, some key results are mentioned in the following discussion. The statistical and practical differences on the psychological contract variables, and the two items measuring the influence of the merger, were identified between the samples associated with the different former employment relationships using independent sample t tests. Relations of these variables with individual characteristics — gender, age, language group, level of education and type of work — were identified. In determining the statistical significance, a 1% probability was used ($p < 0.01$) to minimise accidental identification of significance. Furthermore, Cohen's (1988) guidelines for practically significant differences were used ($d \geq 0.50$ perceived as a medium effect, and $d \geq 0.80$ perceived as large effect).

RESULTS

Promises being met

The HWI respondents experienced, on average, 15.5% of the employer promises as not made, while the HBI respondents experienced 2.8% of the employer promises as not made. The average percentage of promises not made by respondents of the HWI was 12.7%, with 2.8% in the case of the respondents from the HBI. Possible reasons and the impact of these figures will be examined as part of the discussions and recommendations.

Two internally consistent factors were extracted as a result of the data reduction process that included principal factor extraction with varimax rotation (Linde & Schalk, 2006). The first factor was labelled *Employee function*. The fifteen (15) items loading on this factor relate to promises made to the employee entailing performance opportunities, skills development, growth to full potential and the ability to take responsibilities and supervise. This factor explained 18% of the variance. It involves mainly the perceived right to perform a function in the organisation. The second factor was labelled *Employee support* and included ten (10) items associated with communication processes, appreciation, efficient structures, effective policies, procedures and codes, and good infrastructure, and explained 17% of the variance. These perceived promises relate to structural support for the employee to achieve full performance and development in the employee functions.

Three internally consistent factors were extracted under the second construct of 'Employee Obligations'. The first factor was labelled *Performance* and the six (6) items related to perceived promises made by the employee to the employer entailing performance activities, namely, to do the perceived duties employed for (27 % explained variance). The second factor was labelled *Extra-Role Behaviour* and included four (4) items related with activities not directly associated with the required duties of the employee, but necessary, from time-to-time, for organisational development (explained variance 12%). This factor entails activities of the employee not directly employed for, or necessarily rewarded. The third factor is labelled *Ethics* and refers to perceived promises made to the employer by the employee, where the six (6) items are associated with ethical actions and loyalty to the organisation (12% explained variance).

In Table 4, the descriptive statistics of the above-mentioned factors are given for the total sample, including respondents of both the HBI and the HWI.

Table 4. Descriptive statistics, alpha coefficients and inter-item correlations of the employer and employee obligations factors of total sample

Factor	Mean	*SD*	Skewness	Kurtosis	*r* (Mean)	α
Employer Obligations						
Employee function	53.76 (72%)	11.09	–0.72	–0.21	0.50	0.90
Employer support	31.56 (63%)	8.57	0.03	–0.68	0.39	0.88
Employee Obligations						
Performance	26.08 (87%)	2.48	–0.80	1.01	0.11	0.74
Extra-role behaviour	17.74 (77%)	1.75	–0.80	0.21	0.08	0.70
Ethics	26.98 (90%)	2.66	–1.07	1.79	0.15	0.79
Influence of merger items						
Employer obligations	3.21 (64%)	1.06	–0.29	–0.13		
Employee obligations	3.42 (68%)	0.99	–0.09	–0.43		

Table 4 also shows that acceptable Cronbach alpha coefficients varying from 0.70 to 0.90 were obtained for the scales (see Nunnally & Bernstein, 1994). The mean inter-item correlations of most of the scales are acceptable ($0.15 \leq r \leq 0.50$). The inter-item correlations of two scales, namely, *Performance* and *Extra-Role behaviour*, are somewhat low.

The differences between the experience of the psychological contract, as well as the influence of the merger, are indicated in Table 5.

The experience of the psychological contract seems to be experienced differently between the two groups, except with the experience of *Performance*, as an employee obligation. Especially the employer obligations variables, *Employee function* and *Employer support*, were experienced as significantly different by the groups, with large effect sizes (Cohen, 1988). The respondents from the former HBI and HWI experienced a similar influence of the merger on the psychological contract — employer obligations and employee obligations.

Table 5. Independent sample *t* test — difference of psychological contract and influence of merger by respondents from HBI and HWI

Factor	Sample	Mean	*SD*	df	*p*	*t*
Psychological Contract						
Employer Obligation						
Employee function	HWI respondents	57.50	8.47	490	0.00*[b]	7.75
	HBI respondents	47.80	12.15			
Employer support	HWI respondents	35.90	6.81	490	0.00*[b]	7.04
	HBI respondents	26.00	8.12			
Employee Obligation						
Performance	HWI respondents	26.70	2.38	490	0.91	1.88
	HBI respondents	26.00	2.64			
Extra-role behaviour	HWI respondents	18.20	1.67	490	0.00*[a]	5.26
	HBI respondents	17.00	1.78			
Ethics	HWI respondents	27.80	2.63	490	0.00*[a]	4.90
	HBI respondents	26.10	2.63			
Influence of Merger on:						
Employer obligations	HWI respondents	3.13	1.03	453	0.06	–0.21
	HBI respondents	3.32	1.09			
Employee obligations	HWI respondents	3.40	0.97	453	0.51	0.16
	HBI respondents	3.38	1.03			

Notes: * Statistically significant difference ($p < 0.01$)
Practically significant differences from group (in row) where *a* (medium effect, $d \geq 0.50$) or *b* (large effect, $d \geq 0.80$) are indicated

Next, MANOVA and ANOVA analyses were done to determine the relationship between the experience of the psychological contract (dependent variables) and various individual characteristics (fixed factors) that included gender, age, language group, level of education and type of work. Demographic characteristics were first analysed for statistical significance using Wilk's Lambda statistics and values on the dependent variables associated with the employer obligations (being *Employee function* and *Employer support*) and the employee obligations (being *Performance*, *Extra-role behaviour* and *Ethics*). The results of these comparisons are reported in Table 6.

In an analysis of Wilk's Lambda values, no statistically significant differences ($p < 0.01$) regarding the dependent variables associated with the psychological contract can be found between gender, age, language and the level of education. However, with 9% of the variance explained, the difference of the type of work was a large effect size (Cohen, 1988), and therefore this difference was further explored. Analysis of each individual dependent variable, with type of work as fixed factor, was done using a Bonferroni adjusted alpha level that was in this case 0.007. In association with type

of work, 77% of the perceived promises made, under the factor *Employee function*, were seen as kept by academic staff (mean = 57.63), while support staff experienced 68% of these promises kept (mean = 50.65).

DISCUSSION AND RECOMMENDATIONS

Through this research a compilation of the psychological contract content was identified from previous studies in Table 1. The contents of the psychological contract were confirmed from a South African perspective through the data reduction process, where similar perceived promises were grouped into the factors that were identified under the constructs of employer and employee obligations. This process established a psychological contract content framework in this South African perspective that can be used for further research in the identification of the psychological contract in South African HEIs.

Furthermore, the statistical analyses indicated that the employees associated with different previous employment relationships experienced certain promises made differently, where the HWI respondents perceived an average of 15.5% of the promises as not made at all and the HBI respondents perceived 2.8% of the promises as not made at all. This significant difference (12.7%) in the content of the psychological contract is attributed to the lack of management structures and employment related policies, as indicated in Table 2. This difference was also visible in the state of the psychological contract, as indicated in Tables 4 and 5. In these tables it is indicated that also the experience of employer obligations, as perceived by employees, is significantly different between HWI respondents and HBI respondents, with the factor *Employer support* showing the largest difference. Respondents who were part of the HWI experienced far more employer obligations kept than respondents of the employment relationship that was part of the HBI. These significant differences of the experience of the psychological contract, which were measured and indicated in Table 6, can be associated with the previous employment relationship (being with the former HWI and HBI) and, to a lesser extent, the type of work (being part of the academic or support staff). Concerning differences with the type of work, the respondents associated with the academic staff perceived more *Employee support* promises kept than support staff and respondents associated with the employment relationship.

Table 6. MANOVAs — Differences in experience of the psychological contract variables of demographic groups

Variable	df	*F*	Value	*p*
Gender	485	0.93	0.99	0.48
Age categories	485	1.77	0.97	0.09
Language	485	2.01	0.94	0.02
Level of education	485	0.83	0.99	0.56
Type of work	485	6.32	0.91	0.00*
Previous Employment Relationship* Language	484	1.81	0.95	0.03

Note: * Statistically significant difference ($p < 0.01$)

From a South African perspective this outcome — that the workplace had a large effect on the psychological contract — confirms that the environment (in this research being the internal social context associated with the employment relationship as summarised in Table 2) in which an individual operates has a very strong influence on the employee's psychological contract. Even if this study did not include all the possible individual characteristics that might influence the psychological contract, those used (gender, age, language group, level of education) did not explain any differences in this psychological contract, except the type of work. To confirm this outcome, the language group mainly

associated with the HBI (SeTswana) experienced a similar psychological contract in the HWI, as was the case with the Afrikaans-speaking respondents at the HBI (Table 6). A related study — associated with the same study population — by Linde, Schalk, and Linde (2005) identified that the respondents of the HWI experienced a higher level of clarity (78%) and trust (61%) in the employment relation regulations of that workplace than did the respondents of the HBI (59% clarity; 41% trust). A further analysis of this relation between employment regulations and the psychological contract by Linde (2007) identified that the experience of the employment regulations — the employment contract, disciplinary and grievance procedures and performance appraisal policy — had a moderating effect on the psychological contract. Thus in this research the different individual characteristics of the sub-samples did not have as large an influence on the psychological contract, than the internal social context to which the respondents were exposed to.

The experience of promises made, but not kept, create the experience of contract violation; a situation experienced by the HBI respondents. Even though these respondents received a higher remuneration (that also continued in the 'new' employment relationship), they generally experienced higher levels of violation of contract than the employees of the HWI, who received lower remuneration. The HWI respondents did have more clarity in human resource-related policies and stability in management before the merger; a situation that can explain the lower levels of contract violation. The large effect of different experiences of the psychological contract and contract violation is closely related to the experience of the previous employment, and the social context in which it operated.

Concerning the influence of the merger on the experience of the psychological contract, both the HBI and HWI respondents seem to be positive (64% for employer obligations and 68% employee obligations). Table 5 indicates that the differences in the psychological contract of the two sub-samples were not established in the influence of the merger on it. Therefore in this study it can be stated that the previous employment relationships contributed to the major differences in the experience of the psychological contract — and the experience of contract breach — rather than the influence of the merger and the individual characteristics of the respondents. With these outcomes the influence of the internal social context, and more specifically the employment relations, on the psychological contract cannot be ignored.

Significance of this research

The significance of this research can be divided into theoretical and practical influences. Theoretically we revisited the background of the psychological contract theory, and discussed the contents thereof in a South African perspective. Through the empirical part of this article the influence of individual characteristics on the psychological contract was compared with the social context in which the relationship was operating. The results also indicated that in this study the influence of the social context has a bigger impact on the psychological contract than the individual characteristics. This result motivates further studies focusing on the relation between the experience of the psychological contract and the internal and external context in which it exists, as well as the effect of this context on the psychological contract. Furthermore the influence of the experience of a pre-merged employment relationship on the experience of the psychological contract was established.

Practically, the results gave a thorough reflection of how the staff members within a transformed HEI experienced the psychological contract. Focus was placed on certain aspects of the variables where the sample experienced breach and violation of the psychological contract. Possible reasons for these experiences of the psychological contract were identified, as well as recommendations. The results can therefore assist decision-makers of the relevant study population in addressing certain experiences of violation of the psychological contract. These results can also give organisational change managers an indication of the importance of the psychological contract in the establishment of a new employment relationship.

Limitations of the study

There are certain limitations and methodological aspects that may have affected the results presented in this article. Generalisation of the results is restricted, since the samples used were associated with one institution only in a specific sector. The self-report procedure that was used can be improved by more controlled application of the questionnaire. This can minimise bias of the results — usually associated with this technique of data collection. This was also a cross-sectional study, so it was not possible to control for effects over time, even though an additional measure was used to measure the impact of the merger on the psychological contract. In addition, time may impact on perceptions of the merger and the psychological contract, since the research was done immediately after the merger and the true impact may only realise at a later stage.

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